

Progress Report of China's National Carbon Market (2026)

**Ministry of Ecology and Environment of
the People's Republic of China
September 2026**

Contents

Foreword	1
01 Market Operations Remained Stable and Orderly...	4
02 The Institutional Framework Entered a New Stage ...	14
03 The Carbon Emission Allowance Management System Continued to Improve	20
04 Trading Compliance Management Improved in Quality and Efficiency.....	27
05 Data Quality Management Continued to Be Strengthened	32
06 Digital and Intelligent Infrastructure Achieved High-Quality Development	39
07 Pilot Carbon Emission Trading Markets Made Active Explorations	45
08 International Cooperation Was Deepened	50
09 Development Outcomes Became Increasingly Evident	55
Outlook	63
Milestones	66
Appendix	74

Foreword

President Xi Jinping has pointed out that China is a steadfast actor and major contributor in promoting global green development. However the world may change, China will not slow down its climate actions, will not reduce its support for international cooperation, and will not cease its efforts to build a community with a shared future for mankind. The carbon market is an important policy tool for actively addressing climate change through market-based mechanisms and accelerating the green transition across the board in economic and social development. It is also a powerful measure for achieving dual control of both the total amount and intensity of carbon emissions and delivering on China's Nationally Determined Contributions. As China embarks on a new journey of advancing the Beautiful China Initiative on all fronts and pursuing modernization featuring harmony between humanity and nature, strengthening the development of the National Carbon Market is of great significance for giving full play to the decisive role of the market in allocating resources for carbon emission reductions, promoting the effective combination of an efficient market and a well-functioning government, advancing in a coordinated manner carbon reduction, pollution reduction, green development, and economic growth, and actively participating in and leading global climate governance.

China's carbon market development began with local pilot programs. In October 2011, carbon emissions trading pilot programs were launched in seven provinces and municipalities, namely Beijing, Tianjin, Shanghai,

Chongqing, Guangdong, Hubei, and Shenzhen. These pilots have effectively promoted greenhouse gas emission reductions in the pilot regions and accumulated valuable experience for the development of the National Carbon Market. In July 2021, the National Carbon Emission Trading System was launched for trading. In January 2024, the National Voluntary Greenhouse Gas Emission Reduction Trading Market was officially launched. Together, the two markets constitute the National Carbon Market system. Over the past five years, the National Carbon Market has operated in a stable and orderly manner, with continuously expanded coverage and steadily increasing market vibrancy. It has promoted the deep transformation of traditional industries, fostered the development of new quality productive forces, and unleashed the internal momentum for green and low-carbon development across society, providing important support for actively and prudently advancing carbon peaking and carbon neutrality and building a Beautiful China.

Since 2025, the National Carbon Market has entered a new stage of rapid development. At the United Nations Climate Summit, President Xi Jinping announced China's 2035 Nationally Determined Contributions, with "expanding the National Carbon Emissions Trading Market to cover major high-emission sectors" as an important component. The *Opinions on Advancing Green and Low-Carbon Transition and Strengthening the Construction of the National Carbon Market*, issued by the General Office of the CPC Central Committee and the General Office of the State Council, were publicly released, further improving the top-level design of the National Carbon Market. The *Plan for Advancing the Beautiful China*

Initiative During the 15th Five-Year Plan Period, the *Action Plan for Carbon Peaking During the 15th Five-Year Plan Period*, and the *National Climate Change Plan During the 15th Five-Year Plan Period* were issued and implemented, making the medium- and long-term policy outlook for the National Carbon Market clearer. The *Ecological and Environmental Code of the People's Republic of China* officially entered into force, providing a solid legal foundation for the development and operation of the National Carbon Market.

To comprehensively reflect the progress and achievements of China's carbon market development since 2025, the Ministry of Ecology and Environment organized the preparation of the *Progress Report of China's National Carbon Market (2026)*, which is hereby officially released. The Ministry looks forward to the attention and support from all sectors of society.





Market Operations Remained Stable and Orderly

The National Carbon Market has operated in a stable and orderly manner overall, with market vibrancy steadily increasing and trading prices reflecting supply and demand interaction. The National Carbon Emission Trading System (hereinafter as the National ETS) expanded its sectoral coverage and the types of greenhouse gases covered for the first time. Key emitting entities' awareness of carbon emission reductions has continued to strengthen, and the completion rate of allowance surrender has remained high. The National Voluntary Greenhouse Gas Emission Reduction Trading Market (hereinafter as the National Voluntary Market) has accelerated the release of project methodologies for key areas, ushering in a period of rapid market expansion.

(1) Market Vibrancy Steadily Increased

In 2025, the National ETS operated for 243 trading days, with an annual trading volume of carbon emission allowances (hereinafter as CEAs) totaling 235 million tonnes, up 24.36% year-on-year, reaching a record high since the market was launched, while annual transaction value

Column 1

Increased Willingness of Key Emitting Entities to Trade

The National ETS currently adopts three trading methods: listed agreement trading, bulk agreement trading, and one-way bidding trading. Among these, listed agreement trading is relatively flexible and is the trading method most widely used by key emitting entities. Trading activity through listed agreement trading can provide a good indication of the willingness of key emitting entities to trade. In 2025, activity in listed agreement trading in the National ETS increased significantly. Compared with the previous compliance cycle, annual trading volume, number of transactions, and number of enterprises participating in listed agreement trading increased by 116.22%, 89.05%, and 77.05%, respectively, reaching record highs since the market was launched. The purposes and strategies of key emitting entities in trading have gradually become more diversified, while their awareness of carbon asset management has steadily increased.

reached 14.63 billion yuan. Trading activity was more evenly distributed throughout the year. In the first three quarters of 2025, the trading volume of CEAs totaled 98.09 million tonnes, accounting for 42% of the full-year volume, 21 percentage points higher than the same period of the previous year. The willingness of key emitting entities to participate in trading continued to increase, with the number of key emitting entities participating in trading and the number of transactions increasing by 39.77% and 75.53% year-on-year, respectively. From January to August 2026, market activity remained at a relatively high level, with trading volume and transaction value increasing by 46.53% and 67.64% year-

on-year. As of the end of August 2026, cumulative trading volume in the National ETS had reached 961 million tonnes, with cumulative transaction value reaching 65.699 billion yuan, indicating a continued expansion in trading scale.

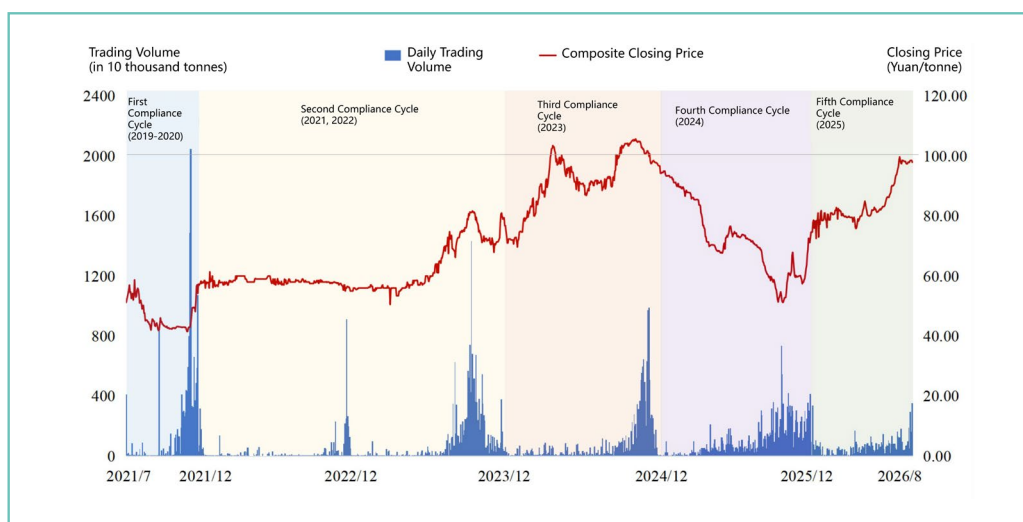


Figure 1 Trading volume and transaction prices of the National ETS

In 2025, the National Voluntary Market operated for 203 trading days. The annual trading volume of China Certified Voluntary Emission Reductions (hereinafter as CCERs) reached 8.8441 million tonnes, with a transaction value of 626 million yuan. Market supply gradually increased, with a total of 33 voluntary emission reduction projects registered and 17.7637 million tonnes of CCERs registered over the course of the year. Market entities showed a strong willingness to participate in CCER trading, with transactions taking place on every trading day throughout the year. The volume of buy orders was nearly 1.5 times that of sell orders. As of the end of August 2026, a total of 41 voluntary emission

reduction projects and 24.2335 million tonnes of CCERs had been registered in the National Voluntary Market, while cumulative trading volume of CCERs had reached 21.7068 million tonnes, with cumulative transaction value reaching 1.737 billion yuan.

Column 2

The First Mangrove Afforestation Project Was Registered in the National Voluntary Market

The conservation and restoration of mangroves and other coastal wetland ecosystems is an important measure taken by China to implement ecological conservation and restoration of territorial space and realize ecosystem carbon sinks. Since 2023, three national voluntary greenhouse gas emission reduction project methodologies in mangrove afforestation, coastal salt-marsh vegetation restoration, and seagrass-bed vegetation restoration have been issued successively, converting the outcomes of mangrove afforestation and the restoration of coastal salt-marshes and seagrass-beds into quantifiable and tradable carbon sink value.

In March 2026, the first mangrove afforestation project in the National Voluntary Market, the *Mangrove Afforestation Project in Yantian Township and Changchun Township, Xiapu County, Fujian Province*, was registered. The project was jointly developed by the Forestry Bureau of Xiapu County, the Natural Resources Bureau of Xiapu County, and the Third Institute of Oceanography, Ministry of Natural Resources. The total carbon sink generated by the project during its crediting period is expected to reach 32,000 tonnes CO₂-eq. The registration of the project has paved a replicable and scalable practical pathway for realizing the value of marine carbon sinks, marking an important milestone in the conservation and restoration of marine ecosystems in China.

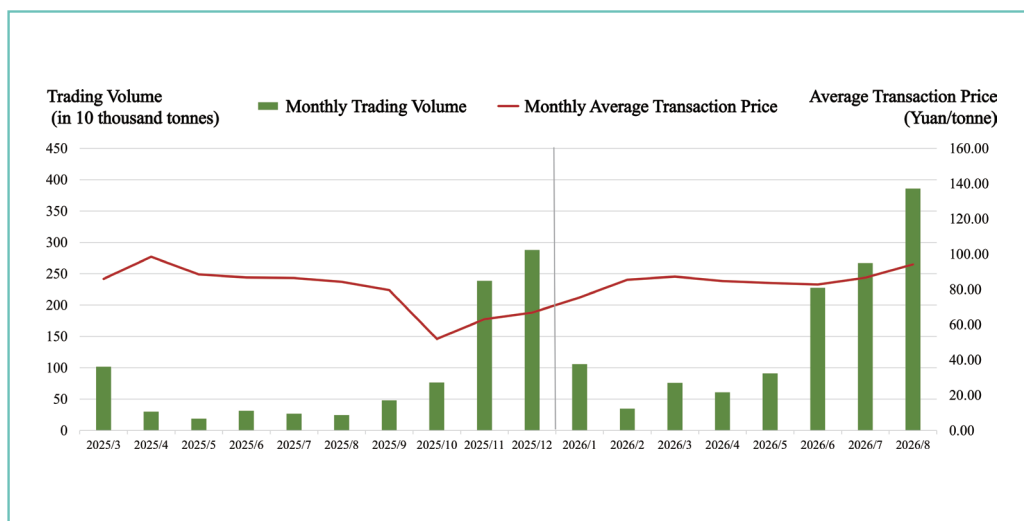


Figure 2 Trading volume and transaction prices of the National Voluntary Market

(2) Trading Prices Reflected Supply and Demand Interaction

In 2025, trading prices in the National ETS generally followed a downward-then-upward trend, basically reflecting supply and demand interaction. The year-end composite closing price was 74.63 yuan/tonne, up 55% from the opening price on the first trading day when the market was launched. The average daily fluctuation in trading prices was 0.93%, lower than the average since the market was launched (1.03%), and also relatively low compared with other international carbon markets. In the first three quarters of 2025, some key emitting entities sold surplus allowances, resulting in a significant short-term increase in allowance supply and a decline in trading prices, with the composite closing price fluctuating between 57 and 98 yuan/tonne. In the fourth quarter of 2025, as the deadline for allowance surrender

approached and allowance allocation plans for newly covered sectors, including steel, cement, and aluminum smelting, were released, market demand for allowances continued to increase and trading prices gradually recovered. The average trading price in December was 65.43 yuan/tonne, higher than the annual average trading price of 62.36 yuan/tonne. Since 2026, trading prices in the National ETS have generally remained stable with an upward trend. As of the end of August 2026, the composite closing price was 97.90 yuan/tonne, up 31.18% from the end of 2025.

In March 2025, the registered CCERs entered the National Voluntary Market. Market entities showed strong enthusiasm for participating in the development of voluntary emission reduction projects and holding CCERs, keeping CCER prices at a relatively high level, with trading prices exceeding 100 yuan/tonne several times in the first half of the year. In the fourth quarter of 2025, as new project methodologies were successively released and an increasing number of voluntary greenhouse gas emission reduction projects and CCERs were registered, the market continued to expand. Market entities became increasingly willing to hold CCERs over the long term, and expectations of rising trading prices continued to strengthen, driving a recovery in CCER prices. As of the end of 2025, the average transaction price of CCERs was 85 yuan/tonne, up 5.66% from March. The annual transaction price averaged 70.76 yuan/tonne, with those of grid-connected solar thermal power generation projects averaging

81.58 yuan/tonne and grid-connected offshore wind power generation projects averaging 69.27 yuan/tonne. As of the end of August 2026, the average transaction price of CCERs was 86.51 yuan/tonne, remaining generally within a reasonable range.

Column 3

Linkage Between the Prices of CEAs and CCERs

The prices of CEAs and CCERs are determined independently by the two markets, while also being affected by the allowance surrender offsetting mechanism. Allowance surrender offsetting in the National ETS is an important application scenario for CCERs. According to the *Interim Regulations on the Management of Carbon Emissions Trading*, key emitting entities may, in accordance with relevant national regulations, purchase certified greenhouse gas emission reductions for surrendering their CEAs. Currently, the amount of such emission reductions used for allowance surrender offsetting may not exceed 5% of the total amount of CEAs that a key emitting entity is required to surrender. With the gradually tightening allowance allocation in recent years, market participants have developed relatively strong expectations of rising carbon emission allowance prices, which may increase market demand for CCERs. In the first half of 2026, trading prices in the National Voluntary Market converged with those in the National ETS, with both standing at around 80 yuan/tonne.

(3) Coverage Continued to Expand

In 2025, following the first expansion of the sectoral coverage of the National ETS, a total of 3,378 key emitting entities in the power generation, steel, cement, and aluminum smelting sectors were brought under allowance management, an increase of 61.16% from 2024. The system covered three types of greenhouse gases, namely carbon dioxide, carbon tetrafluoride, and hexafluoroethane. By 2026, a total of 3,680 key emitting entities in these four sectors were covered, with carbon dioxide emissions under management exceeding 8.3 billion tonnes, accounting for over 65% of the total national carbon emissions. Preliminary preparations for incorporating the petrochemical, chemical, papermaking, and civil aviation sectors into the National ETS have been initiated.

The scope of sectors supported by the National Voluntary Market continued to expand. The market has remained open to a wide range of views and fully mobilized efforts from all sectors of society to participate in market development, with the collection, assessment, and selection of methodologies carried out on a regular basis. Research was organized to develop proposed methodologies for the energy, construction, transportation, fugitive fuel emissions, waste treatment and disposal, forestry and other carbon sinks, agriculture, and carbon capture, utilization and storage sectors. Based on such principles as clear emission reduction mechanisms, fostering innovation and development, taking into account social and ecological benefits, ensuring data quality, and enabling effective oversight, 18 methodologies in key

areas, including renewable energy, ecosystem carbon sinks, non-carbon dioxide greenhouse gas emission reductions, and energy conservation and efficiency improvement, were selected and released in coordination

Table 1 Official Release of National Voluntary Greenhouse-gas Emission Reduction Project Methodologies (by the end of 2025)

No.	Name of Methodology	Issuance Date
1	Forestation Carbon Sequestration Methodology	October 2023
2	Grid-connected Solar Thermal Power Generation Methodology	
3	Grid-connected Offshore Wind Power Generation Methodology	
4	Mangrove Afforestation Methodology	
5	Methodology for Energy Efficiency in Highway and Tunnel Lighting Systems	December 2024
6	Methodology for Utilization of Low-concentration Coal Mine Gas and Ventilation Air-discharged Gas with Methane Volume Concentration below 8% (VAM)	
7	Methodology for Recovery and Utilization of Associated Gas from Offshore Oilfields	November 2025
8	Methodology for Recovery and Utilization of Vented Gas from On-shore Gas-field Well-testing	
9	Methodology for Recovery and Utilization of Low-volume Associated Gas from On-shore Oilfields	
10	Methodology for Check-dam Carbon Sinks	
11	Methodology for Coastal Salt-marsh Vegetation Restoration	
12	Methodology for Seagrass-bed Vegetation Restoration	December 2025
13	Methodology for Biogas Recovery and Utilization Projects for Waste from Large-scale Pig Farms	
14	Methodology for Centralized-treatment Projects for Agricultural Residues	
15	Methodology for Energy-efficiency Improvement for Building Envelopes and Heating-ventilation-air-conditioning (HVAC) Systems of Existing Public Buildings	
16	Methodology for Renewable-energy-driven Water-electrolysis Hydrogen Production	
17	Methodology for Recovery and Purification of Sulfur Hexafluoride from Electrical Equipment	
18	Methodology for Medium-to-deep Geothermal-energy-based Heating via Down-hole Heat Exchange	

with relevant government departments. These efforts have effectively enhanced the overall capacity of the voluntary emission reduction market to serve the country's high-quality development.

(4) Allowance Surrender for 2025 Was Successfully Completed

At the end of 2025, the deadline for allowance surrender for the 2024 compliance year in the National ETS expired. The total amount of allowances required to be surrendered for 2024 was 8.194 billion tonnes, with a completion rate of approximately 99.99%, further improving from the 2023 compliance year and reaching a record high, placing it among the leading carbon markets internationally. Among the 2,087 key emitting entities in the power generation sector, only one failed to complete full allowance surrender on time, while all 1,291 key emitting entities in the steel, cement, and aluminum smelting sectors completed compliance on time. For key emitting entities that failed to surrender the required allowances in full and on time, the competent authorities for ecological and environmental affairs have taken action in accordance with relevant regulations.

Table 2 Allowance Surrender Status of Key Emitting Entities Included in the National Carbon Market in 2025

Sector	Power Generation	Steel	Cement	Aluminum Smelting
Number of Entities	2087	232	962	97
Required Surrender Volume (10,000 tonnes)	530635.00	186246.60	95617.87	6899.75
Actual Surrender Volume (10,000 tonnes)	530598.36	186246.60	95617.87	6899.75

02 The Institutional Framework Entered a New Stage

The top-level design of the National Carbon Market has continued to be optimized and improved, with stronger legal safeguards and enhanced policy coordination. A multi-level legal and institutional framework has basically been established, encompassing central-level policy documents, laws and regulations, departmental rules, normative documents, and other supporting systems.

(1) The *Ecological and Environmental Code of the People's Republic of China* Officially Entered into Force

The *Ecological and Environmental Code of the People's Republic of China* (hereinafter as the “Code”) was deliberated and adopted at the Fourth Session of the 14th National People's Congress on March 12, 2026, and entered into force on August 15, 2026. It is the second law in China to bear the title “Code”, following the *Civil Code of the People's Republic of China*. For the first time, the *Code* establishes at the national legislative level the carbon emission allowance trading system and the voluntary greenhouse gas emission reduction trading system, further strengthening the legal safeguards for the development of the National Carbon Market.

The *Code* provides systematic provisions on trading systems for carbon emission allowances and voluntary greenhouse gas emission reductions, promoting the transformation of emission reduction outcomes into economic benefits, guiding and encouraging enterprises to take proactive carbon reduction actions, and contributing to the achievement of the carbon peaking and carbon neutrality goals. In accordance with the arrangements and requirements of the State Council, the Ministry of Ecology and Environment, guided by the *Code* and in coordination with relevant government departments, has continued to improve the policies, laws, and regulations governing the National Carbon Market, supported efforts to revise the *Interim Regulations on the Management of Carbon Emissions Trading*, organized revisions to the *Measures for the Administration of Carbon Emissions Trading (Trial)* and the *Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trading (Trial)*, and accelerated the development of supporting systems, so as to uphold the unity of the legal system and ensure that all provisions of the *Code* are effectively implemented in practice.

(2) The Measures for Comprehensive Assessment of Carbon Peaking and Carbon Neutrality Were Issued

To further leverage the strategic role of carbon peaking and carbon neutrality in guiding development and accelerate the energy transition and industrial upgrading, the General Office of the CPC Central Committee and the General Office of the State Council issued the *Measures for Comprehensive Assessment of Carbon Peaking and Carbon Neutrality* (hereinafter as the “*Measures*”) in April 2026. The *Measures* formally incorporated requirements for the dual control of carbon

emissions into the system of intra-Party regulations, made systematic arrangements for carrying out comprehensive assessment and evaluation of carbon peaking and carbon neutrality in a sound and orderly manner, and established an indicator system focused on key areas, comprising five control indicators and nine supporting indicators.

The *Measures* call for combining an effective market with a well-functioning government and giving full play to various market-based emission reduction mechanisms, including the carbon market. The “carbon emission control targets for sectors covered by the National Carbon Emission Trading System” were incorporated into the comprehensive assessment and evaluation indicator system as a supporting indicator. The *Measures* specify that comprehensive assessment and evaluation of carbon peaking and carbon neutrality should be based primarily on national statistical data. Where statistical data are unavailable or their timeliness cannot yet meet the needs of assessment and evaluation, data from the National Carbon Market, as well as statistical, survey, monitoring, and accounting data from relevant government departments, may be used. In the first year of the 15th Five-Year Plan period, the *Measures* are of great significance for guiding and urging Party committees and governments at all levels to support the development and advancement of the National ETS.

(3) Policy Coordination Continued to be Strengthened

Relevant government departments have maintained active communication and close cooperation, continuously enhancing the systematic, integrated, and coordinated development of the National Carbon Market and

promoting synergies among policies for energy conservation and carbon reduction. **In the industrial sector**, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Ecology and Environment, the State Administration for Market Regulation, and the National Energy Administration, among others, jointly issued the *Special Action Plan for Energy Conservation and Carbon Reduction in the Steel Industry*, the *Special Action Plan for Energy Conservation and Carbon Reduction in the Cement Industry*, and the *Special Action Plan for Energy Conservation and Carbon Reduction in the Electrolytic Aluminum Industry*. While leveraging the incentive and constraint functions of the market to promote carbon emission reductions in high-emitting industrial sectors, these special actions also tap the potential for energy conservation and carbon reduction in these sectors and guide energy conservation and carbon reduction retrofits and the renewal of energy-consuming equipment. **In the energy sector**, the National Development and Reform Commission and the National Energy Administration issued the *15th Five-Year Plan for the Development of a New Energy System*, intending to optimize the layout of thermal power generation, reasonably control the scale of installed capacity and electricity generation of coal-fired power plants, implement a new round of upgrades and transformations of coal-fired power generation, enhance efficient regulation capabilities such as deep peak regulation and rapid ramping, and encourage the use of technologies such as zero- and low-carbon fuel co-firing and carbon capture, utilization and storage to achieve cleaner and lower-carbon development, in line with the policy direction of the National ETS. The National Energy Administration

issued the *Action Plan for Energy Conservation and Carbon Reduction in the Energy Sector (2026–2028)*, which was designed to explore specific project types for incorporating low-carbon, zero-carbon, and negative-carbon projects, such as carbon capture, utilization and storage and non-electricity utilization of renewable energy, into the methodologies for voluntary greenhouse gas emission reduction projects. **In the financial sector**, the People's Bank of China, the National Financial Regulatory Administration, the China Securities Regulatory Commission, and other authorities have actively guided financial institutions to participate in the development of the National Carbon Market, supporting financial institutions in conducting carbon market-related business, guiding financial resources toward supporting the green and low-carbon transition of high-emitting sectors and the development of renewable energy projects, and promoting carbon emission reductions by key emitting entities and enterprises in relevant sectors by issuing the *Guiding Opinions on Further Strengthening Financial Support for Green and Low-Carbon Development*, the *Opinions on Leveraging Green Finance to Serve the Building of a Beautiful China*, and the *Implementation Plan for High-Quality Development of Green Finance in the Banking and Insurance Sectors*, among other policies. **In the trade sector**, the Ministry of Commerce issued the *Opinions on Implementing Measures to Expand Green Trade*, proposing to improve and refine the carbon pricing mechanism and guide foreign trade enterprises to make effective use of the carbon pricing mechanism to expand international markets.

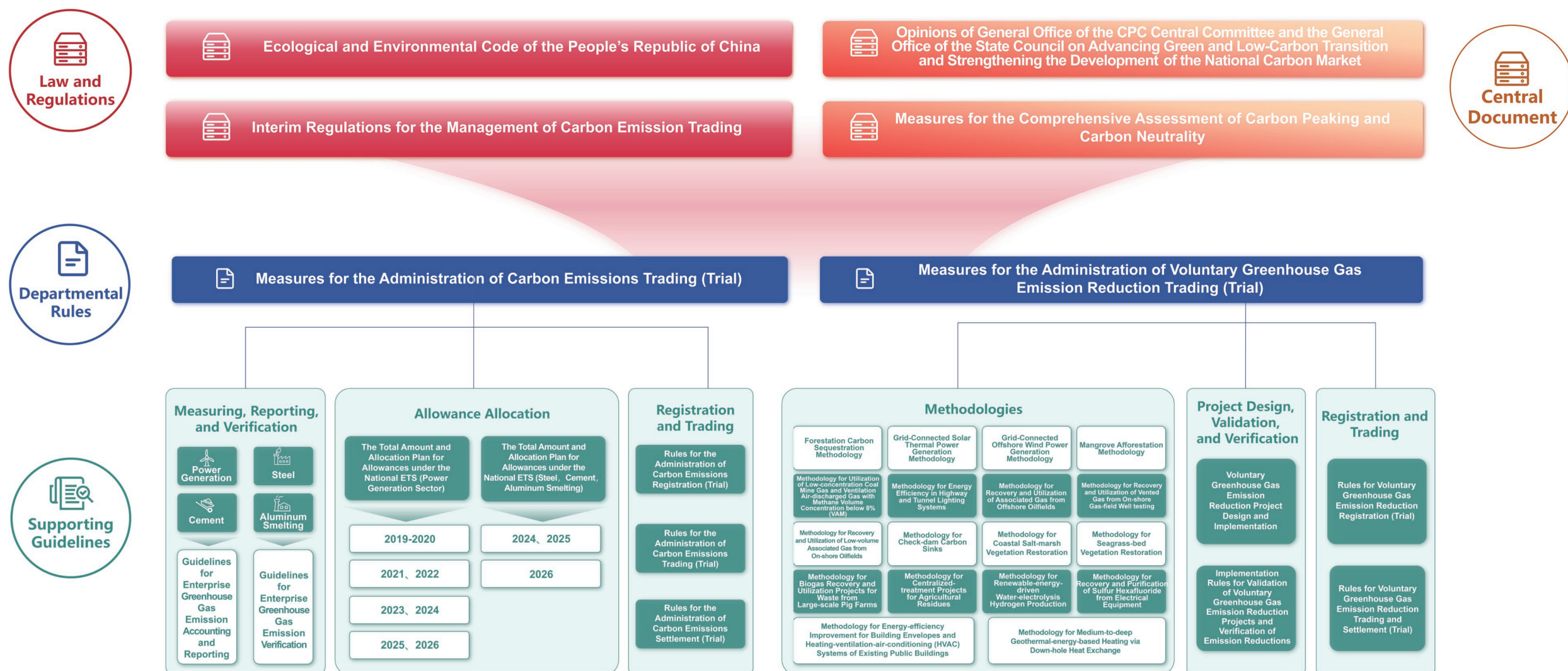


Figure 3 Institutional framework of the National Carbon Market

03 The Carbon Emission Allowance Management System Continued to Improve

Giving full consideration to the factors such as socioeconomic development, the stage of development of different sectors, and the needs for market regulation in a scientific manner, the National ETS has formulated allowance allocation plans continuously improved the allowance surrender management mechanism, precisely prevented compliance risks for enterprises, and steadily advanced the development of a paid allowance allocation system. The institutionalization, standardization, and refinement of carbon emission allowance management have continued to improve.

(1) Allowance Allocation Plans Were Formulated in a Scientific Manner

The allowance allocation plans have maintained the core framework of free allowance allocation based on carbon emission intensity control, while fully taking into account the target of reducing carbon emissions per unit of product by around 3% in sectors covered by the National ETS during the 15th Five-Year Plan period. The amount of allowances allocated to enterprises is linked to their actual output, with no cap set

on the total amount of allowances. The lower an enterprise's carbon emissions per unit of product, the higher its allowance surplus rate, thus creating a clear emission reduction incentive mechanism.

For the 2024 compliance year, the total amount of allowances and the allocation plan for the power generation sector classified covered generating units into four categories based on fuel type and installed capacity, with differentiated benchmarks established for each category. The plan supported biomass co-firing and heat supply by generating units, introduced an allowance shortfall exemption policy for gas-fired generating units, and set a 20% cap on the allowance shortfall rate for enterprises, thereby reducing the compliance burden while promoting emission reductions by enterprises. In 2024, the allowance surplus rates of different types of generating units, in descending order, were gas-fired generating units, conventional coal-fired generating units with a capacity above 300 MW, conventional coal-fired generating units with a capacity of 300 MW or below, and unconventional coal-fired generating units—in line with the policy direction of encouraging large-scale, highly efficient, and low-emission generating units. For 2025 and 2026, the total amount of allowances and allocation plans for the power generation sector systematically lowered the allowance benchmarks for different types of generating units. The reductions for large-scale, highly efficient, and cleaner coal-fired power generating units were relatively smaller, clearly reflecting the policy orientation of rewarding the better performers and penalizing the poorer performers. The generation peak-regulation

adjustment mechanism was further optimized, with the scope of compensation revised to cover generating units operating at load factors below 50%, thereby providing targeted compensation to generating units that actually undertake deep peak-regulation tasks. In line with low-carbon transformation plans for coal-fired power generating units, greater incentives were provided for biomass co-firing generating units, with the requirements for the share of biomass co-firing included in the calculation further relaxed.

The National ETS will incorporate the steel, cement, and aluminum smelting sectors in two stages. The 2024–2026 compliance years constitute the initial implementation stage, aimed at enhancing enterprises' capacity to participate in market compliance and their carbon emission management capabilities. From 2027 onward, the system will enter a stage of further development and improvement, with studies to be conducted on a mechanism for gradually and appropriately tightening the total amount of allowances for these sectors. The total amount of allowances and allocation plans for the steel, cement, and aluminum smelting sectors will be determined in accordance with the principles of proceeding in a gradual and orderly manner and focusing on major emitting entities while easing requirements for smaller ones, precisely targeting enterprises, production lines, and production processes with the highest concentrations of carbon emissions in each sector, such as steel enterprises using the blast furnace–basic oxygen furnace long-process route, enterprises with cement clinker production lines, and enterprises

with aluminum electrolysis processes. Enterprises with relatively low carbon emissions, such as independent electric arc furnace steel enterprises using the short-process route and independent steel rolling and processing enterprises, are not yet included in allowance management. For the 2024 compliance year, the amount of allowances allocated to enterprises in the steel, cement, and aluminum smelting sectors was equal to their verified actual carbon emissions. For 2025, the sectoral balance value and carbon emission intensity coefficient were introduced as key parameters for allowance allocation, concentrating enterprises' allowance surplus or shortfall rates within a relatively narrow range. The allowance surplus or shortfall rate of any individual key emitting entity was capped at 3%, thereby ensuring a stable start and stable operation of the market. For 2026, the carbon emission intensity coefficient method was further improved. For steel enterprises adopting special low-carbon metallurgical processes and cement clinker production lines using special processes, among other cases, allowances are allocated on an equal-quantity basis, with differentiated policy support provided.

(2) Compliance Risks for Enterprises Were Precisely Prevented

The allowance surrender management mechanism of the National ETS has continued to improve. Risks associated with allowance surrender by key emitting entities have been continuously monitored on a dynamic basis. In 2025, approximately 4,000 pieces of allowance surrender risk information were provided to local competent authorities for ecological and environmental affairs, ensuring early identification, early warning,

and early response to risks. For key emitting entities with relatively high compliance risks and poor credit records, differentiated allocation approaches may be adopted during the annual allowance allocation process, thereby improving the efficiency and precision of compliance oversight by local competent authorities for ecological and environmental affairs.

Upholding the principle of combining assistance with penalties, local competent authorities for ecological and environmental affairs comprehensively assessed the allowance surplus or shortfall of key emitting entities and assisted those that were willing to fulfill their compliance obligations but were temporarily unable to purchase allowances due to objective reasons, such as the temporary freezing of bank accounts, in completing allowance surrender. In 2025, a total of 21 key emitting entities were assisted in completing compliance obligations involving approximately 980,000 tonnes of allowances. Relevant organizations were mobilized to provide key emitting entities with policy interpretation and compliance guidance, strengthen their awareness of compliance responsibilities, and urge them to formulate compliance plans at an early stage and purchase allowances in a timely manner.

The *Interim Regulations on the Administration of Carbon Emissions Trading* stipulate that where a key emitting entity fails to surrender the required amount of CEAs within the prescribed period, the competent authority for ecological and environmental affairs shall order it to make corrections within a specified period and impose a fine of not less than

1 million yuan but not more than 5 million yuan. Where the required allowances have not been surrendered within the specified period, a fine of not less than five times but not more than ten times the average market transaction price of CEAs during the month preceding the deadline for allowance surrender may be imposed, and the entity may be ordered to suspend production for rectification. Through the joint efforts of competent authorities for ecological and environmental affairs at all levels, the allowance surrender completion rate in the National ETS has increased year by year.

Column 4

Differentiated Allowance Allocation

In 2025, a differentiated allowance allocation mechanism continued to be implemented for the power generation sector. Based on factors including production and business operations, environmental compliance, data quality, and allowance surrender records, risk assessments were conducted for all key emitting entities under management. Allowances were issued normally to low-risk enterprises, which completed allowance surrender independently. For individual high-risk enterprises, allowances were issued to the accounts of provincial competent authorities for ecological and environmental affairs, which completed allowance surrender on behalf of the enterprises for the year and then transferred the remaining allowances to the key emitting entities. In 2025, a total of eight provincial competent authorities for ecological and environmental affairs implemented differentiated allowance allocation for 25 key emitting entities within their respective jurisdictions, involving a total of 16.0969 million tonnes of allowances.

(3) Steady Progress Was Made in Developing the Paid Allowance Allocation System

In accordance with the requirements set out in the *Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Advancing Green and Low-Carbon Transition and Strengthening the Development of the National Carbon Market* to “prudently implement a carbon emission allowance allocation approach combining free and paid allocation and orderly increase the proportion of paid allocation,” relevant government departments have strengthened cooperation since 2025 to jointly advance the development of the paid allowance allocation system in the National ETS. Building on extensive experience from mature international carbon markets and domestic carbon emission trading pilot markets, in-depth studies have been conducted on key issues, including implementation pathways, forms and scale of paid allocation, participating entities, revenue management and use of funds, and economic and social impacts. Local competent authorities for ecological and environmental affairs, enterprises in key sectors, research institutions, and other stakeholders have actively participated in research on the paid allowance allocation system and made positive contributions.



Trading Compliance Management Improved in Quality and Efficiency

The National Carbon Market has established a full-chain trading regulatory system, continuously strengthened routine trading oversight, gradually expanded trading methods and application scenarios, and continuously improved supporting trading rules and services, marking new progress in the development of the trading management system.

(1) A Full-Chain Trading Regulatory System Was Established

To further strengthen oversight of market trading activities and crack down hard on activities that disrupt market order or manipulate the market, trading institutions in the National Carbon Market have implemented closed-loop, full-chain oversight of trading entities and trading activities. Before trading, strict access controls are applied, with compliance reviews and risk alerts conducted for entities opening trading accounts. Requirements such as full-fund trading and price fluctuation limits are implemented to prevent trading risks at source. During trading, dynamic monitoring is strengthened, with daily trading activities tracked in real time. Where abnormal trading activities are identified, the relevant

circumstances are promptly ascertained, and measures such as telephone reminders, interviews, warnings, and trading restrictions are taken as appropriate. Analyses of market supply and demand, trading trends, and positions are conducted regularly to identify and assess potential risks in a timely manner. After trading, legal safeguards are strengthened, and suspected market manipulation and activities that disrupt market order are investigated and dealt with strictly in accordance with laws and regulations. Since 2025, trading institutions in the National ETS have taken timely measures against high-risk key emitting entities to prevent situations involving overselling of allowances that could affect compliance. Trading institutions in the National Voluntary Market have issued reminders to enterprises exhibiting abnormal trading activities to prevent risks such as disruption of market order.

(2) Trading Methods and Application Scenarios Were Expanded

To meet the increasingly diverse trading needs of market entities, in July 2025, the National ETS officially introduced one-way bidding trading method in addition to the listed agreement trading method and bulk trading method. As of the end of August 2026, nine one-way bidding transactions had been successfully conducted, with cumulative trading volume of allowances reaching 338,000 tonnes and cumulative transaction value reaching 19.7053 million yuan. A total of 29 enterprises participated, meeting the diverse trading needs of market entities. The introduction of one-way bidding trading further diversified the trading options available to market entities, played a positive role in improving

Column 5

Application Scenarios for CCERs Have Become Increasingly Diverse

In addition to being used for allowance offsetting in the National ETS and pilot carbon emission trading markets, CCERs registered in the National Voluntary Market can also be used in a growing range of scenarios, including carbon neutrality for large-scale events, corporate environmental and social governance, and ecological restoration. Large financial and technology enterprises, including Bank of China, have proactively disclosed carbon emission information and fulfilled their social responsibility for emission reductions as leading enterprises by purchasing and cancelling CCERs. The Beijing Green Exchange, the National Center for Climate Change Strategy and International Cooperation, and the National Stadium jointly held the launch ceremony for carbon neutrality at large-scale events at the National Stadium (Bird's Nest), where the *Initiative on Carbon Neutrality for Large-Scale Events* was released. Large-scale events, including National Low Carbon Day, concerts at the "Bird's Nest," and the Wuxi Marathon, have actively used CCERs to offset carbon emissions and achieve carbon neutrality, helping foster a new culture of green and low-carbon lifestyles. Beijing, Gansu, and other regions have gradually explored the use of CCERs in the field of compensation for ecological and environmental damage, encouraging enterprises to fulfill their responsibilities for ecological and environmental restoration and compensation for damage through market-based approaches. Overseas enterprises, including Xiangyu Indonesia OSS, have actively explored the use of CCERs to offset their own carbon emissions, with the international recognition of CCERs continuing to increase.

the price discovery mechanism and stimulating market vibrancy, and provided experience for the subsequent exploration of paid allowance allocation, market regulation, and judicial disposal. The application scenarios for CCERs have continued to expand, comprehensively supporting a range of applications, including allowance offsetting in the National ETS and carbon emission trading pilot markets, carbon neutrality for large-scale events, carbon neutrality initiatives by government and enterprises, and ecological restoration compensation. As of the end of August 2026, more than 400,000 tonnes of CCERs had been cumulatively cancelled. At the same time, effective approaches have been explored in cooperation with certain internet platforms to enable individuals to participate in carbon neutrality initiatives through the use of CCERs, empowering the green and low-carbon transition and development across society.

(3) Supporting Trading Rules and Services Were Further Improved

To ensure the sound and standardized operation of the National ETS and better serve the achievement of the carbon peaking and carbon neutrality goals, supporting rules, including those on the management of abnormal trading activities, were studied and drafted to specify the criteria for identifying abnormal trading activities, risk control requirements, and requirements for handling violations. The *Notice on Issues Concerning Fees for Carbon Emissions Trading* was issued, establishing institutional arrangements for the management of transaction fees in the National ETS. *Guidance on the Application of Value-added Tax Policies to*

Carbon Emission Allowance Trading and Other Transactions was released, clarifying the applicable tax items and tax rates for taxpayers conducting carbon emission allowance trading and CCER trading. Reforms were deepened to make trading services more convenient for market entities, with active efforts to promote connectivity between the National ETS and the tax administration system and accelerate the implementation of measures to facilitate the issuance of invoices for enterprise transactions, continuously improving the level of refinement and convenience of public services provided by the carbon market.



05 Data Quality Management Continued to Be Strengthened

As the National Carbon Market has continued to strengthen routine supervision of data quality, reinforced the primary responsibilities of key emitting entities, improved the management of third-party technical service institutions, and conducted extensive capacity-building activities, the standardization and accuracy of enterprises' greenhouse gas emission reports, project emission reduction accounting reports, and verification reports have improved substantially, providing data support for carrying out comprehensive assessment and evaluation of carbon peaking and carbon neutrality.

(1) Routine Supervision of Data Quality Was Strengthened

Relying on the “national–provincial–municipal” Three-tier Joint Review System, the National ETS conducted monthly random checks of digitally recorded data on a regular basis. In 2025, approximately 5 million data entries were reviewed, and nearly 1,000 relevant issue leads were promptly transferred to local authorities. A closed-loop regulatory system covering “issue screening–transfer of leads–rectification and closure”

was established, raising the one-time pass rate for monthly digitally recorded data at the provincial and municipal levels to 70%, up 6.5 percentage points from the previous year. Taking into account differences

Column 6

Rules for Measuring, Reporting, and Verification of Carbon Emissions by Enterprises in the Power Generation Sector Have Continued to Be Optimized

The *Guidelines for Enterprise Greenhouse Gas Emission Accounting and Reporting* and the *Guidelines for Enterprise Greenhouse Gas Emission Verification* are technical specifications for guiding key emitting entities to account for and report greenhouse gas emissions in accordance with uniform standards and requirements and for supporting allowance allocation. In June 2026, relevant technical requirements in the *Guidelines for Enterprise Greenhouse Gas Emission Accounting and Reporting: Power Generation Facilities* and the *Guidelines for Enterprise Greenhouse Gas Emission Verification: Power Generation Facilities* were updated. The updated requirements explicitly identified altitude and boiler type as factors to be considered when determining the carbon oxidation rate of coal combustion, and established corresponding default values; the data source for default values of parameters related to commonly used fossil fuels was uniformly adjusted to the National Greenhouse Gas Emission Factor Database; accounting for indirect emissions from purchased electricity and other sources was removed; requirements were standardized for descriptions in verification reports of the verification process for key carbon emission parameters; and matters and channels for disclosing information on the emission reduction outcomes of the carbon market were added.

in production processes and emission characteristics across the covered sectors, a differentiated system of rules for identifying and validating anomalous data was developed through validation methods such as threshold checks, logic checks, and correlation checks, enabling precise identification and targeted tracing of anomalous data. Quality assessments of verification reports for the power generation, steel, cement, and aluminum smelting sectors were conducted regularly. The qualification rate of verification reports for the 2024 compliance year was 98.6%. For any issues identified, relevant entities were promptly required to make rectifications in accordance with applicable requirements.

The National Voluntary Market has strengthened its oversight mechanisms during and after project implementation, ensured the “dual commitment” responsibilities of project owners and validation and verification bodies had been fulfilled, and strengthened effective oversight of projects and emission reductions. It has strictly implemented a review system for the integrity and standardization of voluntary emission reduction projects and emission reductions, conducting independent reviews and re-reviews of project design documents and validation reports, as well as emission reduction accounting reports and verification reports. Information has been regularly shared with third-party validation and verification bodies to improve the quality of project validation and emission reduction verification. A data quality supervision manual for emission reductions from voluntary emission

reduction projects was developed to strengthen routine supervision of emission reduction data. The role of networked monitoring data in supervision and enforcement has been fully leveraged, with requirements for networking of monitoring parameters added to methodologies and digital and intelligent technologies such as big data and the Internet of Things applied to improve management effectiveness.

(2) Data Quality Service and Guidance Were Advanced

The National ETS has continued to carry out activities such as unannounced inspections and supervisory assistance, further reinforcing the primary responsibilities of key emitting entities for the quality of carbon emission data. In accordance with relevant requirements, carbon emission data from key emitting entities in the power generation, steel, cement, and aluminum smelting sectors have been comprehensively screened in batches. Issue leads identified through the screening have been transferred to local competent authorities for ecological and environmental affairs in accordance with established procedures, with guidance provided throughout the process to support local competent authorities in filing cases, investigating and handling violations, and implementing corrective measures. For enterprises found to have engaged in data falsification or failed to comply with requirements for accounting and reporting, CEAs have been deducted in accordance with laws and regulations, thereby compelling enterprises to fulfill their primary responsibilities for data management.

Column 7

Continued Efforts to Advance Carbon Emission Measurement Management

The Ministry of Ecology and Environment, together with the State Administration for Market Regulation, has actively advanced the supervision of carbon emission measurement instruments and their digital and intelligent transformation, improving the accuracy of basic measurement data related to carbon emissions and CEAs, including fossil fuel consumption, power generation, heat supply, hot metal output, liquid aluminum output, and coke oven gas and blast furnace gas conversion to coal gas. Since 2026, the *Specification for Carbon Emission Measurement Review of Key Emitting Entities* has officially entered into force, and the *Guidelines for Carbon Emission Measurement Capacity Building (2026 Edition)* have been publicly released, marking positive progress in carbon emission measurement management.

(3) Management of Third-Party Technical Service Institutions Was Further Improved

Efforts have been actively made to advance the development of the qualification management system for verification bodies under the National ETS. Relevant authorities have strengthened coordination on the approval, supervision and administration of verification bodies, and studied and drafted key technical documents such as operational rules for verification implementation. Routine supervision and work

quality assessments of verification bodies have been continuously carried out, and exploration has been undertaken to establish a fullchain regulatory mechanism covering market access, assessment and exit. The management mechanism for validation and verification bodies under the national voluntary greenhousegas emissionreduction trading market has been continuously improved. Dynamic management has been implemented for bodies undertaking validation of national voluntary greenhouse gas emission reduction projects and verification of emission reduction quantities. Institutional approval, onsite inspections and supervisory assessment work have been advanced in an orderly manner. A regulatory scheme for validation and verification bodies has been gradually formulated to foster the standardized and regulated development of validation and verification practices.

After years of exploration and practice, the scale and service capabilities of the third-party technical service industry supporting the National Carbon Market have continued to improve. In 2025, 106 technical service institutions conducted technical reviews of greenhouse gas emission reports submitted by key emitting entities in the National Carbon Market, involving approximately 1,800 technical reviewers, and the quality of technical review continued to improve. Eight institutions obtained approval to conduct validation of voluntary greenhouse gas emission reduction projects and verification of emission reductions in five business areas, covering key areas such as the energy industries (renewable/non-renewable resources), energy demand, transportation, fugitive emissions from fuels (solid, oil and gas), and forestry and other carbon sinks.

(4) Enterprises' Capacity for Carbon Emission Data Management Was Enhanced

Since 2025, focusing on such core areas as the development of accounting and verification guidelines, data quality control plans, and monthly digital data recording for newly covered sectors of the carbon market, including steel, cement, and aluminum smelting, relevant training activities have been carefully organized to achieve full coverage of local competent authorities for ecological and environmental affairs, key emitting entities, third-party verification bodies, and other types of market entities. The National Carbon Market Help Platform has cumulatively handled nearly 400 inquiries from local competent authorities for ecological and environmental affairs, key emitting entities, and third-party technical service institutions, effectively addressing the difficulties and bottlenecks encountered by market entities in data management. The second edition of the Q&A on China's National Carbon Market was compiled to guide all parties in carrying out carbon emission data management in a standardized manner.





Digital and Intelligent Infrastructure Achieved High-Quality Development

The National Carbon Market has developed a full-chain digital and intelligent infrastructure support system. Authoritative information is released through the National Carbon Market Information Network and its official WeChat account, providing convenient services to market entities. The National Carbon Market Management Platform is used to conduct oversight of carbon emission data accounting, reporting, and verification. The National Carbon Market Registration System and the Trading System operate in coordination, enabling unified account management across multiple platforms and systems and connecting the entire process of registration, allowance registration, trading, and settlement online.

(1) The Influence of the National Carbon Market Information Network and Official WeChat Account Continued to Grow

Since 2025, the National Carbon Market Information Network has continued to publish the latest developments in the National ETS and the National Voluntary Market and provide real-time displays of trading

activities, offering authoritative information to governments, enterprises, institutions, and the public at all levels. It has promptly disclosed information such as lists of key emitting entities and their allowance surrender completion status, lists of validation and verification bodies for voluntary greenhouse gas emission reduction projects, and the public disclosure and registration of voluntary greenhouse gas emission reduction projects and emission reductions, guiding the public to participate extensively in oversight thereof. A new work calendar section was added to provide reminders of key deadlines, reporting tasks, and other important milestones, providing strong support for the routine work of management authorities.

As of the end of August 2026, the National Carbon Market Information Network had published a total of 1,144 articles, with nearly 8.36 million visits. Its official WeChat account had published a total of 1,561 articles, which had been shared more than 81,000 times, with 25,000 followers and 1.37 million visits, representing growing public participation and influence of the National Carbon Market.

(2) The “Smart Supervision” Functions of the National Carbon Market Management Platform Were Basically Established

The National Carbon Market Management Platform brings together a wide range of entities, including competent authorities, key emitting entities, and technical service institutions. Taking into account differences in production processes and emission characteristics across sectors

such as power generation, steel, cement, and aluminum smelting, the platform has upgraded and iterated its intelligent checking models. The models incorporate more than 270 checking rules across four categories, including theoretical extreme value checks, threshold checks, correlation checks, and logic checks, covering 12 major business areas such as monthly data recording, annual reporting, and verification reports. This has enabled closed-loop management covering the entire process from entity list management, emissions management, and verification management to allowance calculation, as well as full-process oversight and control from data submission, review, and verification to law enforcement inspections.

The platform makes full use of large-scale artificial intelligence model technologies to develop an intelligent carbon emission data supervision and verification system for competent authorities, verification bodies, and other entities. Intelligent tools are used to conduct data verification, anomaly identification, compliance assessment, and other tasks, effectively improving the efficiency of supervision by management personnel and the quality and effectiveness of verification, and providing comprehensive support for improving the quality of carbon emission data. As of the end of August 2026, more than 25,000 user accounts had been authorized and opened on the National Carbon Market Management Platform for three categories of users: competent authorities at the national, provincial, and municipal levels; key emitting entities; and third-party verification bodies.

Column 8

Ensuring Data Security on the National Carbon Market Management Platform

In accordance with national data security requirements, a security assurance plan and platform use and management measures for the National Carbon Market Management Platform were developed to define the platform's security boundaries, overall requirements, and division of responsibilities. A network-isolated environment was established to separate the database from external and internal networks. Security audit software was deployed to ensure that all user activities are logged throughout the entire process and to provide real-time alerts for potential risks. Data transmission interfaces were subject to dual-layer encryption to ensure that data could be used without being directly visible. Cybersecurity classified protection assessments, network attack and defense exercises, and risk and hidden hazard investigations were conducted to build a robust security barrier for the system.

(3) The National Carbon Emission Registration and Trading Systems Operated Stably

Focusing on improving the quality and effectiveness of market services, strengthening refined allowance management, and enhancing oversight of trading operations, the National Carbon Emission Allowance Registration and Trading Systems have steadily advanced system development and optimization. Pilot applications of optical communication and quantum encryption technologies have been adopted

to transmit core data related to carbon emission allowance registration, trading, and settlement, further enhancing the security of cross-domain data transmission. An artificial intelligence online customer service system was developed and launched to automatically handle frequently asked questions and provide uninterrupted 24/7 responses. In 2025, the National Carbon Emission Allowance Registration System opened accounts for 1,291 enterprises newly covered in the steel, cement, and aluminum smelting sectors and completed the clearing of 76,900 carbon emission allowance transactions. The National ETS implemented more than 170 system function enhancements, focusing on optimizing one-way auction functions, facilitating trading services, and strengthening trading management. As of the end of August 2026, the National Carbon Emission Registration System had opened a cumulative total of 4,134 accounts, while the National Trading System had opened a cumulative total of 3,902 accounts.

(4) The National Voluntary Greenhouse Gas Emission Reduction Registration and Trading Systems Continued to Be Optimized

The National Voluntary Greenhouse Gas Emission Reduction Registration and Trading Systems have continued to strengthen system development and optimize system functions, steadily improving convenience and operational efficiency. Information-based functions covering the entire process, including account opening, applications for project registration, applications for emission reduction registration, and cancellation, have been implemented. In 2025, the National Voluntary

Greenhouse Gas Emission Reduction Registration System completed the migration and integration of data from the previous registration system, establishing a unified registration channel for national voluntary greenhouse gas emission reductions. The National Voluntary Greenhouse Gas Emission Reduction Trading Market implemented more than 100 system function enhancements through seven system version upgrades. As of the end of August 2026, a cumulative total of 6,441 accounts had been opened in the National Voluntary Market, covering legal entities such as project owners, key emitting entities, and financial institutions, thereby forming a diversified participation structure.





Pilot Carbon Emission Trading Markets Made Active Explorations

In October 2011, in accordance with the overall arrangements of the CPC Central Committee and the State Council for addressing climate change, it was approved to carry out pilot carbon emission trading programs in Beijing, Tianjin, Shanghai, Chongqing, Hubei Province, Guangdong Province, and Shenzhen. Over the years, the pilot carbon emission trading markets have supported local green and low-carbon development and gained valuable experience for the development of the National Carbon Market. In 2025, new progress was made in the development of the pilot carbon emission trading markets.

(1) Institutional Development Was Further Deepened

The institutional framework for the pilot carbon emission trading markets continued to improve. Tianjin revised the *Interim Measures for the Administration of Carbon Emission Trading in Tianjin Municipality*, issued the *Work Plan for Deepening the Development of the Local Carbon Emission Trading Market in Tianjin Municipality*, and released guidelines for greenhouse gas emission accounting by waterborne freight

enterprises. Shanghai revised the *Measures for the Administration of Carbon Emissions in Shanghai Municipality*, issued the *Action Plan for Comprehensively Deepening Reform of the Shanghai Carbon Market (2026–2030)*, established a mechanism for regularly updating emission factors, and advanced the updating of accounting methodologies in an orderly manner. Hubei issued the *Implementation Plan for Establishing the National Carbon Market Center in Hubei*, formulated the *Action Plan for Improving the Quality of Carbon Emission Data in Hubei Province*, and launched legislative work on the *Regulations of Hubei Province on Promoting the Development of the Carbon Market*. Shenzhen issued the *Implementing Rules for the Measures for the Administration of Carbon Emission Trading in Shenzhen* and revised two local standards, namely the *Guidelines for Greenhouse Gas Emission Accounting and Reporting by Organizations* and the *Guidelines for Greenhouse Gas Emission Verification by Organizations*.

(2) The Scope of Regulation Was Expanded in an Orderly Manner

The sectoral coverage and types of greenhouse gases covered by the pilot carbon emission trading markets continued to expand steadily, while the thresholds for inclusion of sectors were gradually lowered. Tianjin added the freight port, waterborne freight, and air freight transportation sectors, lowering the threshold for inclusion in the carbon market from annual carbon emissions of more than 20,000 tonnes to more than 10,000 tonnes. Hubei included all key emitting entities with annual greenhouse gas emissions of 13,000 tonnes of carbon dioxide equivalent or more,

or annual comprehensive energy consumption of 5,000 tonnes of standard coal or more, and, for the first time, incorporated non-industrial sectors such as data centers. Methane emissions from sectors such as papermaking, food and beverage, and pharmaceuticals were also brought under carbon market management. Chongqing incorporated non-carbon dioxide greenhouse gases from the industrial sector into carbon market regulation, currently covering seven major greenhouse gases. Shenzhen covers 38 sub-sectors across the industrial, transportation, and building sectors, characterized by a large number of sector categories, a large enterprise base, and a high proportion of small and medium-sized private manufacturing enterprises.

(3) Allowance Management Was Continuously Optimized

The rules for allocating carbon emission allowance in the pilot carbon emission trading markets continued to be optimized, and market-based incentive mechanisms were further improved. Beijing, Shanghai, and other regions organized allowance auctions for purposes including ensuring compliance by key emitting entities and regulating the market. Tianjin granted an additional 1% of allowances to enterprises rated Grade A under the performance grading system for periods of heavily polluted weather or selected as 2025 exemplary green and low-carbon cases by the Ministry of Ecology and Environment, thereby promoting coordinated control of carbon emissions and air pollution. Chongqing innovatively adopted a sealed-bid auction mechanism and conducted four rounds of paid allowance allocation, encouraging enterprises to take proactive

emission reduction actions and achieve synergies in pollution and carbon reduction by linking factors such as air pollution control performance to allowance acquisition. Hubei increased the market adjustment factor by 3% for covered enterprises that had not been subject to administrative penalties for ecological and environmental violations in 2024, had received a Grade A performance rating for key sectors during periods of heavily polluted weather, and had operated stably in accordance with the performance requirements for Grade A enterprises. Guangdong adopted an allowance allocation approach combining free and paid allowances, gradually tightened the proportion of free allowances, optimized requirements for the management of historical surplus allowances, and introduced upper and lower limits for allowance surpluses and shortfalls.

(4) Financial Innovation Was Actively Explored

Innovation in carbon finance products and derivatives in the pilot carbon emission trading markets advanced in an orderly manner, guiding more financial resources toward carbon emission reduction. Shanghai launched the first administrative management service trust for carbon emission allowance, establishing a dual-track regulatory framework featuring market-based adjustment through carbon trusts and paid allocation of government reserve allowances as a backstop. Chongqing explored cross-year and cross-compliance-cycle rolling pledge financing using carbon emission allowance, as well as carbon emission allowance repurchase transactions, helping enterprises unlock the value of their carbon assets. Hubei has facilitated the launch of the first carbon-insurance product to

complete national-level filing, and issued the country's first “technology + carbon” bond. Guangdong issued the *Several Opinions on Promoting Carbon Emission Allowance Guarantees to Support the Development of Green Finance*, clarifying that carbon emission allowance constitute lawful collateral and providing systematic judicial safeguards for carbon emission allowance pledge financing. Shenzhen continued to provide interest subsidies for carbon emission allowance pledge financing and incentives for the promotion and application of carbon finance innovations, guiding financial institutions to participate more deeply in the carbon market, and launched the country's first carbon asset securitization product, among other initiatives.





International Cooperation Was Deepened

China has actively participated in the development of rules for carbon market mechanisms under the Paris Agreement, initiated the establishment of the Open Coalition on Compliance Carbon Markets, and carried out extensive bilateral and multilateral cooperation on carbon markets in areas such as institutional design, market regulation, and capacity building. China has shared its experience and achievements in developing its carbon market, contributing Chinese insights to global climate governance and innovation in carbon market mechanisms.

(1) Extensive Bilateral and Multilateral Dialogue and Exchanges Were Conducted

China and the European Union signed the *Memorandum of Understanding on Strengthening Cooperation between China and the EU on Carbon Emission Trading Markets* and have achieved fruitful results through practical and efficient exchanges and cooperation. In July 2025, the two sides successfully held the sixth China-EU High-Level Dialogue on Environment and Climate and renewed the Memorandum of

Understanding. In June 2025, at the first China-UK Climate Ministerial Dialogue, China and the United Kingdom signed an interdepartmental *Memorandum of Understanding on Cooperation on Climate Change*, strengthening dialogue and cooperation in areas such as climate change adaptation and carbon market development. In January 2026, the environmental authorities of China and the Republic of Korea renewed and signed an interdepartmental *Memorandum of Understanding on Cooperation in the Fields of Environment and Climate*, incorporating carbon markets into the areas of cooperation. In May 2026, at the 10th Florence Process Meeting, competent authorities for carbon markets from more than ten countries and regions, including China, exchanged views and held discussions on the latest developments in carbon market development in their respective countries and regions and on ways to further leverage the role of carbon pricing mechanisms. During the meeting, the seventh China-EU Carbon Emission Trading Policy Dialogue was also held. In addition, relevant authorities from a number of countries, including Viet Nam, Brazil, Cuba, Türkiye, and Russia, visited China to engage in dedicated exchanges on China's carbon market development and learn from and share experiences with China.

(2) International Cooperation Projects Continued to Advance

The third phase of the China-EU Carbon Market Policy and Dialogue Cooperation Project was launched, with joint research conducted on issues such as carbon market accounting and verification, allowance allocation, and trading regulation. A training course for carbon

market trainers under China-EU cooperation was successfully held. In cooperation with the World Bank, the China Market Partnership Implementation Fund Project was carried out to support the optimization of the institutional framework of the National Carbon Market and strengthen the alignment of international carbon trading rules under Article 6 of the Paris Agreement. China and the Government of Norway have also conducted practical cooperation for several consecutive years in areas such as carbon market capacity building and policy research, providing strong support for the development of the National Carbon Market.

Column 9

Carbon Market Training Activities Were Organized

In 2025, capacity-building activities were successfully conducted, including the Seminar on Progress in the Development of China's Carbon Market and Cross-Border Carbon Trading, the Seminar on Belt and Road Financing Mechanisms and Carbon Finance Capacity Building, and the Training Course on South-South Cooperation on Addressing Climate Change for Latin American Countries. Nearly 100 government officials and technical personnel in the field of climate change from more than 30 countries participated in these activities, which provided specialized training on topics including the development of carbon emission trading markets, data quality management, and market oversight and regulation, offering China's experience for reference by relevant countries in developing their carbon markets.

(3) Influential Platforms for International Exchanges Were Established

In September 2025, the 2025 China Carbon Market Conference was successfully held in Shanghai, bringing together representatives from 26 countries and regions and 10 international organizations. Participants engaged in exchanges and discussions with renowned experts and industry representatives in the field of global green development on topics including the development and achievements of China's carbon market, the evolving global landscape of climate action, and international green cooperation and innovation, further deepening international cooperation. This was the third consecutive year that China had hosted the Carbon Market Conference. Participants spoke highly of the development of China's carbon market and expressed strong recognition of China's pragmatic actions and positive contributions to addressing climate change. The China Carbon Market Conference has gradually become an important platform for international exchanges and cooperation in the field of carbon markets.

During the 30th United Nations Climate Change Conference held in Belém, Brazil (COP30), China, Brazil, and the European Union jointly founded the Open Coalition on Compliance Carbon Markets. Upholding the principles of openness, inclusiveness, and voluntariness, the Coalition aims to strengthen policy communication, experience sharing, and capacity building among its members and promote cooperation in key areas such as carbon emission monitoring, reporting and verification systems, carbon accounting methodologies, and high-quality carbon credit offset mechanisms. In May 2026, China, Brazil, and the European

Union held the first High-Level Meeting of the Open Coalition on Compliance Carbon Markets in Florence, Italy, and jointly signed the Work Program of the Open Coalition on Compliance Carbon Markets, which set out the Coalition's objectives, scope of work, governance structure, and decision-making mechanism. Germany and New Zealand agreed to join the Coalition, marking the Coalition's transition from the initiative stage to substantive development.

(4) The Development of a Fair and Reasonable International Framework of Rules on Carbon-related Issues Was Promoted

President Xi Jinping has pointed out that the United Nations Framework Convention on Climate Change and its Paris Agreement are the legal cornerstone of international climate cooperation. It is important for all countries to champion the rule of law, honor commitments, prioritize green and low-carbon development, and jointly respond to the climate crisis through multilateral governance. As a responsible major country, China has always been a staunch doer and action-oriented participant in addressing climate change. At COP30, China worked to advance positive progress in negotiations on carbon market mechanisms under the Paris Agreement, including Article 6, and made clear that climate action should fully take into account the national circumstances of developing countries. China called for providing sufficient support, creating enabling conditions, and fostering a cooperative environment for developing countries to take action and enhance climate ambition, while firmly opposing all forms of unilateral carbon-related trade barriers.



Development Outcomes Became Increasingly Evident

After years of development and improvement, the functions of the National Carbon Market in providing incentives and constraints for emission reductions, supporting national greenhouse gas emission control targets, optimizing the energy mix, promoting low-carbon technological innovation, and other areas has been brought fully into play.

(1) Carbon Emission Reductions at Low Cost Were Achieved

Using carbon markets to achieve carbon emission control targets in key sectors and areas is an internationally established practice. Upholding the fundamental positioning of the carbon market as a policy instrument for controlling greenhouse gas emissions, China fully leveraged the carbon emission trading mechanism to incentivize advanced performers and constrain lagging ones, and allowed enterprises to reduce carbon emissions through technological upgrades or purchase CEAs to make up for shortfalls, thereby achieving precise control of most carbon emissions at relatively low cost.

During the 14th Five-Year Plan period, the National ETS helped reduce the overall cost of emission reductions across society by approximately 56.8 billion yuan in the power generation sector and generated 35.69 billion yuan in emission reduction benefits for 1,173 technologically-advanced enterprises. The National Voluntary Market provided approximately 1.9 billion yuan in policy incentives for projects with significant carbon reduction and carbon sink benefits, while supporting compliance offsets in the National ETS and pilot carbon emission trading markets, and facilitating voluntary carbon neutrality cancellation by social entities.

(2) The Role in Guiding Energy Mix Adjustment Continued to Emerge

The role of the National Carbon Market in helping shift energy use away from high-carbon dependence towards more efficient, clean and low-carbon patterns has gradually become evident. In 2025, China's thermal power generation totaled 6.33 trillion kWh, declining for the first time in a decade, down 0.7% year-on-year. Newly installed renewable energy capacity reached 452 million kW, an increase of 20.7% year-on-year and accounting for approximately 82.5% of total newly installed power generation capacity. By the end of 2025, total installed renewable energy capacity accounted for approximately 60% of China's total installed power generation capacity. During the 14th Five-Year Plan period, the National ETS contributed to carbon emission reductions of approximately 530 million tonnes in the thermal power sector. Carbon emissions per unit of output (with heat supply converted into

equivalent power generation) declined from 0.8762 t/MWh in 2020 to 0.8446 t/MWh in 2025, a cumulative reduction of 3.5%, representing an average annual decline of approximately 0.7%. The National Voluntary Market has provided effective market incentives for projects involving renewable energy utilization, energy conservation, and energy efficiency improvement, enabling enterprises to translate their emission reduction

Column 10

Leveraging the Huge Emission Reduction Potential of Green Hydrogen

The green fuel production industry, represented by hydrogen energy, has become an important direction for building a new energy system and achieving decarbonization at the source in the energy sector during the 15th Five-Year Plan period. In December 2025, China's first national voluntary greenhouse gas emission reduction project methodology in the field of hydrogen energy, *Methodology for Renewable-energy-driven Water-electrolysis Hydrogen Production*, was released. In May 2026, voluntary emission reduction projects involving renewable-energy-driven water-electrolysis hydrogen production had been submitted for public disclosure. By 2030, hydrogen production from renewable energy is expected to reach approximately 5 million tonnes, resulting in annual emission reductions of 60 million tonnes of carbon dioxide equivalent. This will not only encourage the release of green hydrogen production capacity, but also promote the non-electric utilization and consumption of new energy by downstream industries, making a significant contribution to deep decarbonization in sectors such as steel, chemicals, and transportation and to achieving the "Dual Carbon" goals.

actions into tangible emission reduction benefits and encouraging more sectors to undertake greenhouse gas emission reduction actions.

(3) The Innovation and Application of Green and Low-Carbon Technologies Accelerated

The National ETS encourages enterprises with advanced green and low-carbon technologies to increase production, providing enterprises with greater flexibility and autonomy in reducing emissions. During the 14th Five-Year Plan period, enterprises covered by the National ETS continued to increase investment in advanced clean and efficient power generation technologies. Approximately 200 small and inefficient generating units were shut down or phased out over the past three years, reducing enterprises' carbon costs by approximately 1.095 billion yuan. The National Voluntary Market has provided clear expectations of returns and reduced the initial application costs of green and low-carbon technologies, effectively incentivizing the development of advanced low-carbon technologies and related emission reduction projects, including grid-connected solar thermal power generation, grid-connected offshore wind power generation, renewable energy-based hydrogen production through water electrolysis, recovery of low-concentration coal mine methane, and heating using deep and intermediate-depth geothermal energy—thereby accelerating the iterative development, wider deployment, and large-scale application of these technologies.

Column 11

The Carbon Market Promotes Green and Low-Carbon Transition

Driven by the clear constraints imposed by CEAs and expectations of compliance costs under the National ETS, the innovation and application of green and low-carbon technologies have accelerated. Hubei Huadian Xiangyang Power Generation Co., Ltd. has achieved large-scale, clean, and efficient utilization of biomass energy by co-firing combustible gas converted from agricultural and forestry residues, such as straw and mushroom growing substrates, with coal for power generation. The company has cumulatively reduced carbon dioxide emissions by hundreds of thousands of tonnes and generated 25 million yuan in revenue by selling surplus allowances, effectively offsetting the investment in technological upgrades, enhancing the enterprise's endogenous motivation to increase investment in the green and low-carbon transition, and creating a virtuous cycle.

(4) The Price Transmission Effect of the Carbon Market Gradually Strengthened

The price discovery function of the National Carbon Market has gradually become evident. Carbon trading prices are progressively becoming an important basis for enterprises to formulate emission reduction strategies, guiding enterprises to cut emissions voluntarily. They deliver price signals for financial support to green and low-carbon

development, and accelerate the shift of production factors including capital, technology and labor away from traditional high carbon industries to clean and low-carbon sectors. This contributes to the low-carbon transition of production and lifestyles across society. The asset nature of CEAs and CCERs has gained growing social recognition, with continuously expanding application scenarios. This lays a foundation for financial institutions to carry out carbon asset pledge businesses in a standardized manner. It helps enterprises revitalize their carbon assets and convert them into funds for low-carbon development, thus further galvanizing enterprises' incentives for low-carbon transition.

(5) Enterprises' Awareness and Capacity for Carbon Management Effectively Improved

Since the launch of the National Carbon Market, an increasing number of enterprises have moved beyond treating carbon trading as a short-term activity solely for compliance purposes. Instead, they have deeply integrated carbon asset management into their business decisions, gradually establishing regular and strategic carbon asset management practices, managing risks and optimizing resource allocation through more diversified and continuous trading activities, enhancing their initiative and strategic approach to compliance management, and achieving synergistic improvements in environmental and economic benefits. In 2025, enterprises' awareness of carbon management continued to increase, with the average daily number of key emitting entities participating in trading rising by 68.48% year-on-year, reaching a

record high since the market was launched. Enterprises have also adopted more flexible carbon trading strategies, with the number of key emitting entities participating in trading during the first three quarters increasing by 168.31% year-on-year, while awareness of controlling trading costs increased significantly.

Column 12

Enterprises Continued to Enhance Their Carbon Asset Management Capacity

In managing CEAs, China Huadian Corporation established a dedicated task force under a centralized management approach, enabling more than 100 of its key emitting entities to complete allowance surrender 40 days ahead of schedule. State Power Investment Corporation developed 11 carbon finance business models, with the scale of carbon asset financing exceeding 5.5 billion yuan. In participating in voluntary greenhouse gas emission reduction activities, four offshore wind power projects of China Three Gorges Corporation completed the registration of certified voluntary emission reductions, contributing to the green and low-carbon transition of the industry.

(6) International Influence Was Further Enhanced

Leveraging China's vast domestic industrial and market scale, China's carbon market has become an important force in the global carbon market system. The National Voluntary Market, while fully adhering to

internationally accepted rules, has innovatively developed methodologies for areas such as check-dams carbon sinks and the recovery and utilization of vented gas from on-shore gas field well testing-based on China's practical experience, thereby filling gaps in international methodologies. The progress and achievements of China's carbon market development have attracted close attention and broad recognition from the international community. The Secretariat of the United Nations Framework Convention on Climate Change stated that China's expansion of carbon market coverage to more key industrial sectors had been building momentum for the transition towards net-zero development. The World Bank described China's emission trading system as a “model of robust growth and development.”



Outlook

The green and low-carbon transition is a defining trend of our times. China, which places greater emphasis on addressing climate change in its national governance, has implemented a national strategy for actively responding to climate change, and made major strategic decisions to achieve carbon peaking and carbon neutrality. China has incorporated the “Dual Carbon” goals into the overall framework of ecological civilization development and the broader agenda of economic and social development, and submitted its 2035 Nationally Determined Contributions covering the entire economy and all greenhouse gases. In doing so, China has embarked on a path of development that prioritizes ecological conservation and pursues green and low-carbon development.

The 15th Five-Year Plan period is a critical period for laying a solid foundation and making a comprehensive effort to basically achieve socialist modernization. It is also a critical period and a period of strenuous efforts to achieve carbon peaking, as well as a pivotal stage for building a Beautiful China by building on past achievements, expanding its scope, improving its quality, and achieving fundamental improvement in the ecological environment. China's carbon emission management has transitioned from intensity-only control to the dual control of total carbon emissions and emission intensity. As a fundamental institution for implementing China's national strategy for actively addressing climate

change and advancing the achievement of the “Dual Carbon” goals, and as the principal form of China's carbon pricing mechanism, the carbon market will fully leverage its important supporting role in carbon emission dual control. It will become a powerful measure for achieving the goals of carbon emission dual control, making greater contributions to achieving carbon peaking and carbon neutrality on schedule, and advancing modernization featuring harmony between humanity and nature through the comprehensive advancement of the Beautiful China Initiative.

Going forward, China will, in accordance with relevant work arrangements, orderly expand the sectoral coverage and types of greenhouse gases covered by the National ETS, gradually implement total allowance control and paid allowance allocation, accelerate the development of the National Voluntary Market, explore the development of green financial products and services related to CEAs and CCERs, continuously diversify the types and number of trading entities, strengthen oversight of market trading, and advance the development of pilot carbon emission trading markets in light of local conditions. By 2027, the National ETS will basically encompass all major industrial sectors, and the National Voluntary Market will expand to include all key fields. By 2030, a National ETS based on total allowance control and combining free and paid allocations will be basically established; a National Voluntary Market that is credible, transparent, unified in methodology, broadly participatory, and aligned with international standards will be established; and a carbon-pricing mechanism with

significant emissions reduction effects, a sound rule system and reasonable price levels will be formed.

At the same time, China will continue to work with the international community to firmly uphold the goals and principles established by the United Nations Framework Convention on Climate Change and the Paris Agreement, actively participate in international negotiations and rule-making on global carbon market mechanisms under the Paris Agreement, fully respect the sovereignty and different national circumstances of all countries, promote mutual learning and experience sharing, and firmly oppose unilateralism and protectionism, making positive contributions to building a scientific, fair, and reasonable global climate governance system.



Milestones

2025

January 21, Two technical specifications for China's National Carbon Emission Trading System, including the *Guidelines for Enterprise Greenhouse Gas Emission Accounting and Reporting* and the *Guidelines for Enterprise Greenhouse Gas Emission Verification*, were issued.

.....

March 6, The first batch of CCERs in the National Voluntary Market was registered.

.....

March 7, The first batch of registered CCERs entered the National Voluntary Market.

.....

March 20, The *Work Plan for Incorporating the Steel, Cement, and Aluminum Smelting Sectors into the National Carbon Emission Trading System* was issued, marking the entry of the first expansion of the sectoral coverage of the National ETS into the implementation stage.

.....

March 25, The *Letter on Public Solicitation of Proposals for Greenhouse Gas Voluntary Emission Reduction Project Methodologies* was issued.

April 11, The *Notice on Relevant Work Concerning China's National Carbon Emission Trading System in 2025* was issued, specifying requirements for the preparation of the list of key emitting entities, data quality management, allowance allocation and surrender, and other related work.

May 24, The *Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Advancing Green and Low-Carbon Transition and Strengthening the Development of the National Carbon Market* were released, making systematic arrangements for advancing the development of the National Carbon Market across the board.

June 30, Provincial competent authorities for ecological and environmental affairs completed verification of the 2024 greenhouse gas emission reports submitted by key emitting entities in the power generation sector.

July 16, The first one-way bidding trading in the National ETS was successfully completed.

September 6, The 2025 National Carbon Market Development Work Conference was held in Shenzhen.

September 24, President Xi Jinping delivered a video address at the United Nations Climate Summit, announcing China's new round of Nationally Determined Contributions and proposing that by 2035, the National ETS would cover major high-emission sectors.

September 24, The 2025 China Carbon Market Conference was held in Shanghai, where the *Progress Report of China's National Carbon Market (2025)* was released.

.....

October 1, The State Administration for Market Regulation (Certification and Accreditation Administration of the People's Republic of China) released the second batch of lists of validation and verification bodies for voluntary greenhouse gas emission reduction projects.

.....

November 8, During the 30th United Nations Climate Change Conference held in Belém, Brazil(COP30), China, Brazil, and the European Union jointly founded the Open Coalition on Compliance Carbon Markets.

.....

November 16, The *Total Amount and Allocation Plan for Allowances for the 2024 and 2025 Compliance Years for the Steel, Cement, and Aluminum Smelting Sectors under China's National Carbon Emission Trading System* was issued, setting out arrangements for the scope and methods of allowance allocation, allowance issuance, allowance surrender, allowance carryover, and other related work for the steel, cement, and aluminum smelting sectors for 2024 and 2025.

.....

November 18, The Ministry of Ecology and Environment and the National Energy Administration jointly issued three greenhouse gas voluntary emission reduction project methodologies: *Methodology for Recovery and Utilization of Associated Gas from Offshore Oilfields*, *Methodology for Recovery and Utilization of Vented Gas from On-shore Gas-field Well-testing*, and *Methodology for Recovery and Utilization of Low-volume Associated Gas from On-shore Oilfields*.

November 25, The Ministry of Ecology and Environment and the Ministry of Water Resources jointly issued the *Methodology for Check-dam Carbon Sinks*.

.....

November 28, The Ministry of Ecology and Environment and the Ministry of Natural Resources jointly issued two greenhouse gas voluntary emission reduction project methodologies: *Methodology for Coastal Salt-marsh Vegetation Restoration* and *Methodology for Seagrass-bed Vegetation Restoration*.

.....

December 12, The Ministry of Ecology and Environment and the Ministry of Agriculture and Rural Affairs jointly issued two greenhouse gas voluntary emission reduction project methodologies: *Methodology for Biogas Recovery and Utilization Projects for Waste from Large-scale Pig Farms* and *Methodology for Centralized-treatment Projects for Agricultural Residues*.

.....

December 19, The Ministry of Ecology and Environment and the Ministry of Housing and Urban-Rural Development jointly issued the *Methodology for Energy-efficiency Improvement for Building Envelopes and Heating-ventilation-air-conditioning (HVAC) Systems of Existing Public Buildings*.

.....

December 23, The Ministry of Ecology and Environment and the National Energy Administration jointly issued two greenhouse gas voluntary emission reduction project methodologies: *Methodology for Renewable-energy-driven Water-electrolysis Hydrogen Production* and *Methodology for Recovery and Purification of Sulfur Hexafluoride from Electrical Equipment*.

December 25, The Ministry of Ecology and Environment, the Ministry of Housing and Urban-Rural Development, and the National Energy Administration jointly issued the *Methodology for Medium-to-deep Geothermal-energy-based Heating via Down-hole Heat Exchange*.

2026

January 27, The *Notice on Relevant Work Concerning China's National Carbon Emission Trading System in 2026* was issued, specifying requirements for the preparation of the list of key emitting entities, data quality management, allowance allocation and surrender, and other related work, as well as requirements for greenhouse gas emission management by enterprises in other key sectors.

.....

February 9, The Supreme People's Court and the Ministry of Ecology and Environment jointly released typical cases on providing judicial services and safeguards for the development of the carbon market in accordance with the law. The four typical cases addressed important issues in the development of carbon market rules, including the validity of carbon emission allowance trading contracts, the legal nature of CCERs, and the standardized application of "carbon sink purchase" as an alternative to restoration liabilities.

March 12, The *Ecological and Environmental Code of the People's Republic of China* was adopted at the Fourth Session of the 14th National People's Congress. It introduced a dedicated chapter on "Addressing Climate Change", featuring specific provisions for carbon market development.

March 14, A launch ceremony for carbon neutrality at large-scale events was held at the National Stadium (Bird's Nest), where the *Initiative on Carbon Neutrality for Large-Scale Events* was released.

April 12, The General Office of the CPC Central Committee and the General Office of the State Council issued the *Measures for Comprehensive Assessment of Carbon Peaking and Carbon Neutrality*, incorporating the carbon emission control targets for sectors covered by the National ETS into the performance evaluation system.

May 14, The National Development and Reform Commission and the Ministry of Ecology and Environment jointly issued the *Notice on Issues Concerning Fees for Carbon Emissions Trading*, establishing institutional arrangements at the national level for the management of transaction fees in the National ETS.

June 21, The State Council issued the *Plan for Advancing the Beautiful China Initiative During the 15th Five-Year Plan Period*, setting the reduction of carbon emissions per unit of product in sectors covered by the National ETS by around 3% as an important goal for building a Beautiful China during the 15th Five-Year Plan period.

June 23, Relevant technical requirements in the *Guidelines for Enterprise Greenhouse Gas Emission Accounting and Reporting* and the *Guidelines for Enterprise Greenhouse Gas Emission Verification* were updated to further standardize accounting, reporting, and verification of greenhouse gas emissions by enterprises in the power generation sector.

.....

July 5, The State Council issued the *Action Plan for Carbon Peaking During the 15th Five-Year Plan Period*, proposing that, during the 15th Five-Year Plan period, carbon emissions per unit of product in sectors covered by the National ETS should decrease by around 3%, while the allowance surrender completion rate of key emitting entities should remain at a relatively high level.

.....

July 24, The Ministry of Ecology and Environment, together with the National Development and Reform Commission and 17 other government departments, jointly released the *National Climate Change Plan During the 15th Five-Year Plan Period*, making arrangements for strengthening the development of the National Carbon Market during the 15th Five-Year Plan period.

.....

August 3, The State Administration for Market Regulation, the National Development and Reform Commission, and the Ministry of Ecology and Environment jointly issued the *Guidelines for Carbon Emission Measurement Capacity Building (2026 Edition)*, providing technical guidance on carbon emission measurement for key emitting entities in the National ETS and owners of voluntary greenhouse gas emission reduction projects.

August 8, The *Decision of the State Council on Amending and Repealing Certain Administrative Regulations* was promulgated, revising certain provisions of 12 administrative regulations, including the *Interim Regulations on the Administration of Carbon Emissions Trading*.

.....

September 1, The *Total Amount and Allocation Plan for Allowances for the Power Generation Sector for the 2025 and 2026 Compliance Years and for the Steel, Cement, and Aluminum Smelting Sectors for the 2026 Compliance Year under China's National Carbon Emission Trading System* was issued.

.....

September 15, The 2026 China Carbon Market Conference was held in Wuhan, Hubei Province, where the *Progress Report of China's National Carbon Market (2026)* was released.

Appendix Overview of Carbon Emission Trading Pilot Markets, 2025

Pilot Region	Coverage			Trading/Transaction Performance		
	Sectors Covered	No. of Regulated Enterprises	GHG Emissions Covered	Account Opening by Market Participants	Cumulative Local Allowance Trading Volume (by the end of 2025)	Cumulative Local Allowance Turnover (by the end of 2025)
Beijing	6 sectors incl. services and heat supply	858	40 million t	1,032 key emitting entities, 79 institutional investors, 41 natural persons	62.4141 million t	3.599 billion yuan
Tianjin	23 sectors incl. petrochemicals, chemicals, oil and gas extraction and machinery manufacturing	254	42 million t	310 key emitting entities, 115 institutional investors, 97 natural persons	46.03 million t	1.18 billion yuan
Shanghai	28 sectors incl. petrochemicals, chemicals, nonferrous metals and aviation	419	80 million t	423 key emitting entities, 1,886 institutional investors	68.9076 million t	2.571 billion yuan
Chongqing	14 sectors incl. machinery manufacturing, glass, ceramics and papermaking	299	148.64 million t	236 key emitting entities, 547 institutional investors, 422 natural persons	47.2254 million t	1.16 billion yuan
Hubei	16 sectors incl. chemicals, petrochemicals and data centres	499	76.41 million t	499 key emitting entities, 985 institutional investors, 21,548 natural persons	423 million t	10.519 billion yuan
Guangdong	6 sectors incl. petrochemicals, papermaking and ceramics	258	97.81 million t	501 key emitting entities, 301 institutional investors, 3,206 natural persons	233 million t	6.782 billion yuan
Shenzhen	38 sectors incl. manufacturing and services	672	26.24 million t	672 key emitting entities, 93 institutional investors, 1,049 natural persons	80.0099 million t	2.18 billion yuan

Welcome to Visit the National Carbon Market Information Network Website



➤ **Introduction:**

The National Carbon Market Information Network is the main platform for disclosing information about China's National Carbon Market, interacting with and communicating with the public. It provides society-wide access to relevant policies and regulations, news updates, educational and professional knowledge, and related research findings.

➤ **Website:** <https://www.cets.org.cn>
